

July 27, 2009 - U.S. 'Money Weapon' Yields Mixed Results

The Washington Post

www.washingtonpost.com

U.S. 'Money
Weapon' Yields Mixed Results

Review of Military Program Sought

By Ernesto Londoño

Washington
Post Foreign Service

Monday, July 27, 2009, Pg 12

BAGHDAD, July 26 -- Shortly after the U.S. Army turned over control of the business center and a restaurant of a multimillion-dollar hotel it built near Baghdad's airport to the Iraqi government last year, flat-screen television sets, computers and furniture vanished.

The looting unwittingly kept the military in the hotel business because officers were concerned that the rest of the hotel would be stripped bare. As the U.S. government is ceding control of hundreds of projects and facilities to the Iraqi government, the conundrum raised questions about the sustainability of billions of dollars worth of projects funded through the Commander's Emergency Response Program (CERP) that encourages commanders to think of "money as a weapon."

U.S.
lawmakers and the Office of the Special Inspector General for Iraq
Reconstruction, which has released a report about the Caravan Hotel, are

increasingly scrutinizing the use of CERP and urging the Pentagon to be more vigilant in its selection and oversight of projects.

The success stories and cautionary tales of CERP initiatives in Iraq are shaping the way commanders in Afghanistan use the program as they place greater emphasis on counterinsurgency and keeping the civilian population safe.

Since 2003, the U.S. Congress has appropriated more than \$10 billion in CERP funds for the wars in Iraq and Afghanistan.

"CERP was meant to be walking-around money for commanders to achieve a desired effect in their battle space," said the office's deputy inspector general, Ginger Cruz. "Slowly, it has become a de facto reconstruction pot of money."

Earlier this month, Rep. John P. Murtha (D-Pa.), chairman of the House Appropriations defense subcommittee, asked the Pentagon for a list of all pending projects worth more than \$1 million.

Murtha said the Pentagon has failed to fully explain how it is using CERP. He added that the military is taking on too many large-scale projects that should be handled by civilian agencies with reconstruction expertise.

"A fundamental review of CERP, its purpose, use and scope, is overdue," Murtha wrote in the July 15 letter to Defense Secretary Robert M. Gates. Murtha said he was disturbed by reports from Iraq suggesting commanders were in a "rush to spend" hundreds of millions of dollars by the end of the fiscal year. Murtha himself has come under scrutiny for backing projects important to constituents that critics call wasteful.

U.S. military officials say CERP has been invaluable in helping commanders get things done quickly, with little red tape. In recent years, they have used it

to put insurgents on payroll, award micro-grants to business owners, compensate families of civilians killed in combat, and build schools and clinics.

"We think we've been pretty successful," said Brig. Gen. Peter Bayer, the chief of staff of the U.S. command that oversees CERP projects in Iraq. He said commanders in Iraq have approved few large CERP projects this year.

One of the most notable CERP-funded initiatives was the Sons of Iraq program started in 2006, under which the U.S. military put tens of thousands of insurgents on payroll and mobilized them to fight hard-line extremist groups. Last year the government spent \$300 million on Sons of Iraq salaries, but it stopped paying them this year and turned over the program to the Iraqi government, which has often failed to pay the fighters on time.

As the U.S. military has withdrawn from the cities, several CERP-funded projects, such as neighborhood parks, civic centers and swimming pools, have not been successfully adopted by local or national government entities because they either don't have the capacity or interest to keep them running, U.S. and Iraqi officials say. For example, an outdoor performance hall built in Sadr City that cost hundreds of thousands of dollars and was completed several months ago has never been used, according to U.S. officials.

As U.S. troops have largely left the cities, U.S. officials say they have been more judicious in the number and types of CERP projects they approve.

U.S. commanders in Iraq were given \$747 million in CERP funds this year, down from \$1 billion allocated in 2008. So far this year, the military has spent \$235 million of its CERP allocation in Iraq. Realizing they couldn't spend the remaining funds responsibly by the end of September, when the fiscal year ends, U.S. commanders decided to return \$247 million.

"Our application has been deliberate and judicious," Bayer said.

The Caravan Hotel, a \$4.2 million project, was completed in August 2008. U.S. military officials deemed it a worthwhile investment because there are few hotels in Baghdad that foreign investors would consider safe enough.

After the equipment was looted shortly following the Caravan's inauguration, the military hired a contractor to operate the \$225-a-night hotel, fearing that officials at the Ministry of Transportation, which is run by members of the Sadr political block, would shut it down and steal valuables, inspector general officials said.

A spokesman for the ministry said he was not familiar with the hotel project or the allegations of looting. Bayer said the military considers the project successful and is working on a plan to hand it over to the Iraqis.

"Ultimately when you transfer a property to someone, it's theirs and they use it for their purposes," Bayer said. "That's a decision the government of Iraq makes."